

MEMORANDUM

TO: Commissioners McCarty, Hadley, Landis, Ripley and Ziegner
FROM: Jerry L. Webb, Director of Gas/Water/Sewer Division
DATE: June 10, 2004
RE: Utility Articles for Next Conference

The following Final Articles A, C and Preliminary Articles A are submitted to each of you to acquaint you with the tariffs eligible for action or acceptance on or after June 17, 2004.

“A” Final

The following miscellaneous item will be eligible for final consideration at the next Commission Conference and based on a review of it by staff members of the Commission, I recommend approval.

1. PSI Energy

The Utility has filed for approval of a change in its Emission Allowance Adjustment in accordance with its Standard Contract Rider No. 63. Standard Contract Rider No. 63 was modified based on the provisions of the Settlement Agreement between PSI, the Office of Utility Consumer Counselor and PSI-Industrial Group, which was approved by the Commission in Cause No. 42411 on November 25, 2003. The terms of the Settlement Agreement and Commission Order authorized PSI to recover emission allowance costs (for both SO₂ and NO_x) in a modified Rider No. 63.

The proposed emission allowance charge factor is \$0.001024 per kilowatt-hour and is applicable to all retail electric rate schedules. The proposed factor will be in effect for the months of July, August, and September 2004. This factor includes the emission allowance cost variance of (\$157,368) from December 2003 through February 2004.

The tariff sheet affected by this filing is:

Sheet No. 63.

"C" Finals

In order to maintain parity and be in compliance with the Commission's Final Order in Cause No. 39369 issued June 2, 1993, the following local exchange carriers have filed intrastate access parity tariffs mirroring their respective interstate equivalent. The requirements prescribed for these filings in Commission Order No. 39369 have been carried out and I recommend approval.

Federal Communications Commission

<u>Item</u>	<u>Local Exchange Carrier</u>	<u>Transmittal Number</u>	<u>File Date</u>	<u>Effective Date</u>
1.	IBT d/b/a SBC Ameritech	1393	05-13-04	05-28-04
2.	IBT d/b/a SBC Ameritech	1394	05-17-04	06-01-04
3.	Frontier Comms of Thorntown	78	05-17-04	06-01-04

Please indicate your consideration and action of all the preceding items on the appropriate lines provided below.

Jerry L. Webb
Director of Gas/Water/Sewer Division

I approve of all items as presented above:

I approve of all items as presented above except:

Not participating in the following items:

I, _____, Disapprove Items

No.

I, _____, Wish to Defer Items

No.

I hereby certify that the above is a true and correct copy of the action on the articles.

Nancy E. Manley, Executive Secretary

“A” Preliminary

The following new miscellaneous items have been reviewed by staff members of the Commission and we recommend accepting them for filing.

1. Indiana Michigan Power Company, d/b/a American Electric Power (AEP)

The Utility has submitted for Commission review a request for approval of fiscal Year 5 net merger savings reduction rider factors pursuant to the Commission's April 26, 1999 Order in Cause No. 41210 relating to the merger of American Electric Power Company, Inc. and Central and South West Corporation (Order). The purpose of the factors is to reduce bills to customers pursuant to Attachment A of the Stipulation and Settlement Agreement (Agreement) approved by the Commission in Cause No. 41210.

The Agreement specified that the annual bill reduction amounts would be allocated to rate classes based upon total revenues, excluding fuel cost adjustment, and credited to customers' bills through the application of a per kilowatt-hour (kWh) factor specific to each rate class. The Agreement also stated that each individual year's bill reduction would apply for a twelve-month period except for an adjustment during each third quarter to reconcile actual kWh sales and projected kWh sales for the prior year. The Utility stated that in accordance with AEP's testimony in Cause No. 41210, the calculations of the proposed AEP/CSW net merger savings reduction rider factors were based upon the latest available total revenues, excluding fuel cost adjustment, and billed kWh taking into account that calendar year data are more readily accessible, not as cumbersome to accumulate, and subject to a reconciliation process.

As also described in AEP's testimony in Cause No. 41210, prior to the beginning of each fiscal year following consummation of the merger, AEP will make a 30-day filing to establish the net merger savings reduction rider factors to effect that fiscal year's customer bill reduction. Prior to the third quarter of each fiscal year (except the first fiscal year), a 30-day filing will be made to establish the adjustment to the riders, as required by the Agreement, to reconcile actual kWh sales and projected kWh sales for the prior fiscal year. The adjusted rider factors will be in effect for the seventh through the ninth billing months of each fiscal year (except the first fiscal year) after which the factors will return to the unadjusted levels. AEP will also make a 30-day filing, at the request of Staff, prior to the conclusion of the third quarter reconciliation period, that returns factors to the current fiscal year unadjusted levels following the reconciliation period. This process will be repeated annually through the reconciliation of the eighth fiscal year. The last reconciled reduction will continue to apply in years following the end of the eighth fiscal year until the Utility's base rates are changed.

Attachment B to the Utility's filing provided the calculations of the proposed AEP/CSW net merger savings reduction rider factors. For each rate class, the annual merger savings per average customer is 1.23%. The calculations were made in accordance with the Agreement in Cause No. 41210. The annual merger savings per average residential customer is \$9.23; per average commercial customer is \$111.62; and per average industrial customer is \$9,412.97.

Also included with the Utility's filing, as required by the Commission's April 26, 1999 Order in Cause No. 41210, was a verified statement indicating that the facts contained in the filing were true to the best of the affiant's knowledge and that a copy of this 30-day filing was served on each party to Cause No. 41210.

The tariff sheets affected by this filing are:

Thirteenth Revised Sheet No. 19
Thirteenth Revised Sheet No. 19.1
Twelfth Revised Sheet No. 21
Thirteenth Revised Sheet No. 22
Thirteenth Revised Sheet No. 23
Thirteenth Revised Sheet No. 23.1
Seventh Revised Sheet No. 31.

2. South 43 Water Association

The utility is proposing to increase its tap-in fee. The reason for the change in this non-recurring charge is due to the increase in the labor and material costs to perform this service. Cost support has been provided.

Description	Current Charge	Proposed Charge
Tap-in Fee	\$750.00	\$850.00

Jerry L. Webb
Director of Gas/Water/Sewer Division